

1.0 INTRODUCTION

This Draft Environmental Impact Report (EIR) has been prepared to analyze and disclose potentially significant environmental effects associated with the installation and operation of the AT&T proposed Asia-America Gateway (AAG) Fiber Optic Cable Project (Project). This Draft EIR provides the primary source of environmental information for the lead, responsible, and trustee agencies to consider when exercising any permitting or approval authority related to implementation of the proposed Project. The California Environmental Quality Act (CEQA) lead agency for this Project is the California State Lands Commission (CSLC).

1.1 PROJECT OBJECTIVES, PURPOSE AND NEED

AT&T is proposing to install one fiber optic cable from Hawaii to California as part of a larger cable system originating in Asia. The proposed fiber optic cable would land at AT&T's existing landing facility at Montaña de Oro State Park near Morro Bay, California. The cable would be connected to the AT&T cable station located near San Luis Obispo, California, via an existing terrestrial cable conduit system. The marine cable would be installed using a combination of plowing and direct bottom lay along a pre-determined course. The proposed cable would provide a link between the west coast of the United States (U.S.), Guam, Hawaii, and Southeast Asia.

For the proposed Project, AT&T presents three objectives, listed below, in order to explain the necessity of the Project and guide the development and evaluation of feasible Project alternatives. The CEQA Guidelines section 15126.6(a) requires an applicant to provide a description and analysis of a range of reasonable alternatives that would feasibly attain most of the basic objectives of the Project. AT&T's basic objectives for the Project are to:

- Complete Segment 5 of the AAG Fiber Optic Cable System by installing one submarine fiber optic cable on the continental shelf off Morro Bay, California, and bring it ashore through an existing conduit extending from a manhole in the Sandspit Beach parking lot in Montaña de Oro State Park. AT&T states that this new cable system will be a link in a global network that can provide voice, data and video services to all types of customers throughout the world (including private individuals, businesses and governmental entities). It will provide additional opportunities for commerce and information exchange, leading to closer economic and political ties among the participating countries;

- Provide direct access and diverse routing between Southeast Asia and the United States (U.S.), linking the U.S. West Coast to Hawaii, Guam and Southeast Asia. The Project will be the first direct terabit (one trillion bits) submarine cable network linking Southeast Asia with the U.S. and will have advantages over the traditional trans-Pacific routes (via the North Pacific) because it will provide an alternate route around the Pacific “ring of fire,” thus increasing network resiliency and mitigating the effects of natural disasters that break numerous cables in a discrete geographic region (e.g., the 7.1 magnitude earthquake off Taiwan in December 2006 caused major damage to international underwater cable links and took out almost all cable systems in the region.); and
- Compliment existing high bandwidth cable systems in the region, including the APCN2 and the Japan-US cable network. The AAG Fiber Optic Cable System will span 12,400 miles (20,000 kilometers [km]) and will use the latest Dense Wavelength Division Multiplexing (DWDM) technologies with a minimum design capacity of 1.28 terabit per second.

1.2 PURPOSE AND SCOPE OF EIR

The CSLC has prepared this Draft EIR in accordance with CEQA to assess the potential for environmental impacts associated with completing Segment 5 of the AAG Fiber Optic Cable System.

Section 15124(d) of the CEQA Guidelines requires that an EIR contain a statement within the project description briefly describing the intended uses of the EIR. The CEQA Guidelines indicate that the EIR should identify the ways in which the lead agency and any responsible agencies would use this document in their approval or permitting processes. The following discussion summarizes the roles of the agencies and the intended uses of the EIR.

The CSLC is the lead agency responsible for preparing the EIR. AT&T has filed an application for a State lease for installation and operation of the proposed cable. The EIR will be used by the CSLC to exercise its jurisdictional responsibilities in making its decision to grant a new lease of California sovereign lands to AT&T.

The proposed Project will also be approved or reviewed by a number of Federal, State, and local agencies, primarily the CSLC, California Coastal Commission, and the U.S. Army Corps of Engineers (ACOE), as noted in Section 1.4 - Permits, Approvals and Regulatory Requirements.

1.2.1 Organization of Draft EIR

- Section 2.0 - Project Description describes the proposed Project, its location, layout and facilities, and presents an overview of its construction and operation;
- Section 3.0 - Alternatives and Cumulative Projects describes the alternatives to the proposed Project carried forward for analysis, the alternatives that were considered but eliminated from detailed evaluation, and identifies the cumulative projects that will be analyzed;
- Section 4.0 - Environmental Analysis describes existing environmental conditions, Project-specific impacts and mitigation measures, and the impact analysis of the alternatives. This section also evaluates the impacts of the cumulative projects in conjunction with those of the proposed Project;
- Section 5.0 - Socioeconomics and Environmental Justice describes existing conditions, Project-specific effects, and an analysis of the alternatives regarding socioeconomic and environmental justice.
- Section 6.0 - Environmentally Superior Alternative presents a comparison of the environmental impacts of the Project and the alternatives, and identifies the environmentally superior alternative;
- Section 7.0 - Other Required CEQA Sections addresses other required CEQA elements;
- Section 8.0 - Mitigation Monitoring, Compliance, and Reporting Program presents the Mitigation Monitoring and Reporting Program (MMRP);
- Section 9.0 - Report Preparation Sources lists the individuals and their roles in the preparation of this EIR;
- Section 10.0 - References lists reference materials used to prepare the report;
- Section 11.0 - Acronyms defines the acronyms used in the report;
- Appendix A to this Draft EIR contains the mailing list;

- Appendix B contains the Notice of Preparation (NOP), copies of comments received on the NOP, including the location in the Draft EIR where the comments are addressed; and
- Other technical appendices are also included in this Draft EIR.

1.2.2 Study Area Boundary

Although the region for each technical issue is identified in the relevant section, the general boundary of the study area discussed in this EIR is the 100 foot-wide (30 meters [m]-wide) onshore corridor that extends 10.5 miles (16.9 km) from the Sandspit Beach parking lot manhole to the San Luis Obispo Cable Station. The offshore study area is the 2,560 foot-wide (780 m) geophysical survey corridor that extends from the onshore conduit terminus in the Sandspit Beach parking lot within Montaña de Oro State Park to the offshore extent of State Tidelands, 3 nautical miles (nm) (0 to 5.6 km) offshore. All environmental issues will be assessed for potential impacts to a project level of detail within the State waters jurisdictional boundary. In addition, environmental issues including air quality, commercial fishing, and marine biology will be discussed to a distance of approximately 54 miles (87 km) offshore to a water depth of 6,000 feet (1,830 m). This distance corresponds to the area addressed by the ACOE Section 10 permit authorization for installation of the fiber optic cable on the continental shelf (Szijj personal communication, 2008). Greenhouse gas emissions have been addressed for the entire cable segment to be constructed between Hawaii and California. The inclusion of just the Hawaii to California segment is based on documentation provided by AT&T that demonstrates that this segment of the Asia-America Gateway Project has independent utility and does not depend on the other larger project components for service. In addition, at the time of this analysis, the majority of the project components between Hawaii and Southeast Asia will have already been installed.

1.3 PUBLIC REVIEW AND COMMENT

1.3.1 Scoping Process

The CSLC, as lead agency in accordance with the provisions of CEQA, determined that the proposed Project may result in potentially significant adverse environmental impacts, and therefore required preparation of this Draft EIR pursuant to and in accordance with CEQA (Public Resources Code, section 21000 et seq.), the CEQA Guidelines (California Code of Regulations, Title 14, Chapter 3, section 15000 et seq.), and the CSLC's guidelines implementing CEQA.

On November 7, 2007, pursuant to CEQA section 21080.4 and the CEQA Guidelines section 15082(a), the CSLC provided a Notice of Preparation (NOP) for the proposed Project to responsible and trustee agencies and to other interested parties. The NOP solicited both written and verbal comments on the EIR's scope during a 30-day comment period and provided information on a forthcoming public scoping meeting. The CSLC held a public and agency scoping meeting in San Luis Obispo, California on November 27, 2007, to solicit verbal comments on the scope of the EIR. Written comments were received in response to the NOP from the following:

- San Luis Obispo County Department of Planning and Building;
- Mr. Brian Stacey

A copy of the NOP, meeting transcript, and letters received, as well as an index of where such comments are addressed in the document, are included in Appendix B.

1.3.2 Public Comment on the Draft EIR

This Draft EIR is being circulated to local and State agencies and to interested individuals who may wish to review and comment on the report. Written comments may be submitted to the CSLC during the 45-day public review period. Verbal and written comments on this Draft EIR will also be accepted at a noticed public meeting (either noticed in this document or under separate cover). All comments will be addressed in the Final EIR for the proposed Project.

This Draft EIR identifies the environmental impacts of the proposed Project on the existing environment, indicates how those impacts will be mitigated or avoided, and identifies and evaluates alternatives to the proposed Project. This document is intended to provide the CSLC with the information required to exercise its jurisdictional responsibilities with respect to the proposed Project, which would be considered at a separate noticed public meeting of the CSLC.

The CEQA requires that a lead agency shall neither approve nor implement a project unless the significant environmental impacts have been reduced to an acceptable level. An acceptable level is defined as eliminating, avoiding or substantially lessening environmental effects to below a level of significance. If the lead agency approves the project, even though significant impacts identified in the final EIR cannot be fully mitigated, the lead agency must state in writing the reasons for its action. Findings and

a Statement of Overriding Considerations (SOC) must be included in the record of project approval and mentioned in the Notice of Determination (NOD).

1.4 PERMITS, APPROVALS AND REGULATORY REQUIREMENTS

In addition to action by the CSLC, the proposed Project is expected to require the following permits and approvals:

- ACOE (assumed to be through Nationwide Permit No. 12 - Utility Line Activities) authorization under section 404 of the Clean Water Act and section 10 of the Rivers and Harbors Act;
- Coastal Development Permit and Federal Consistency Determination under the Coastal Zone Management Act issued by the California Coastal Commission;
- Consultation and compliance regarding the existing land use permit previously issued by the San Luis Obispo County Department of Planning and Building in 1991 for the construction of the terrestrial cable conduit system, Sandspit Beach parking lot landing site, and installation of cables within the terrestrial cable conduit system;
- Section 401 Water Quality Certification issued by the California Regional Water Quality Control Board, Central Coast Region; and
- Streambed Alteration Agreement issued by the California Department of Fish and Game pursuant to section 1602 of the California Fish and Game Code (required for stream crossings along terrestrial access routes).

2.0 PROJECT DESCRIPTION

2.1 INTRODUCTION

This EIR examines the environmental impacts associated with construction, operation, and eventual abandonment of the section of the proposed Asia America Gateway Fiber Optic Cable System (Project) discussed in Section 1.0 above. Section 2.2, Project Background, presents an overview of existing cable systems installed at Montaña de Oro State Park and the proposed lease area for construction of the new cable; Section 2.3, Proposed Project, describes the proposed Project actions. Alternatives considered in this EIR are presented in Section 3.1, Factors Used in Selection of Alternatives; and the cumulative projects considered for this analysis are presented in Section 3.4, Comparison of Proposed Project and Alternatives.

2.2 PROJECT BACKGROUND

2.2.1 Project History

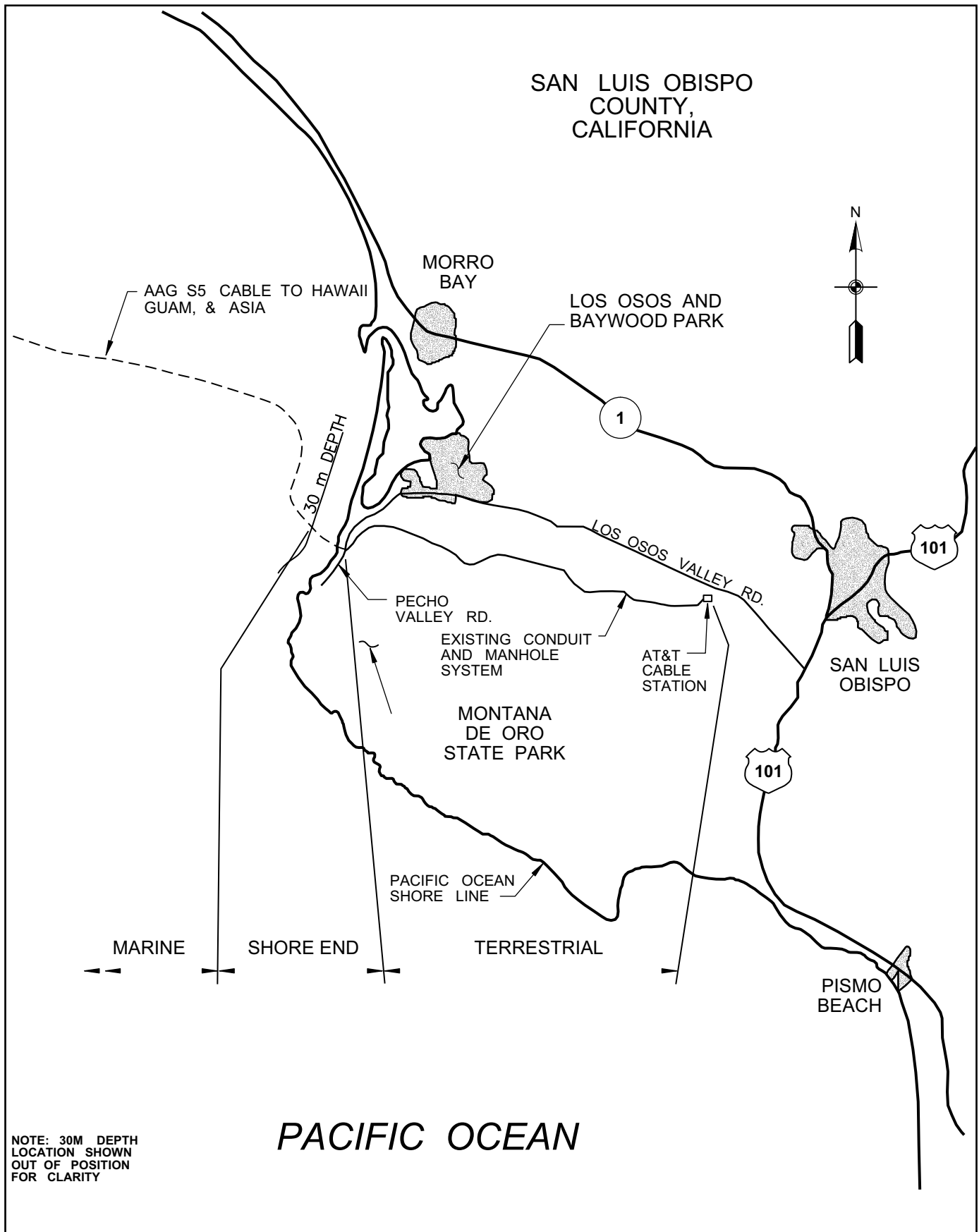
The Asia America Gateway (AAG) Fiber Optic Cable System is funded by a consortium of 17 national and international companies. AT&T is the United States partner, which is responsible for the U.S. connections. Other major partners include AiTi of Brunei, BayanTel, Bharti (India), British Telecom Global Network Services, CAT Telecom (Thailand), ETPI (Philippines), Maxis (Malaysia), PCP (Cambodia), PLDT (Philippines), Saigon Postal Corporation (Vietnam) and the Vietnam Posts and Telecommunications Group.

AT&T is proposing to install one cable into San Luis Obispo County, California; no other California or west coast landing location is associated with this new system. AT&T selected the landing site for several reasons, among which were: the previous review, permitting and installation of four submarine cables at the same location; conduit access to an existing cable station in San Luis Obispo; and the availability of previously-permitted and constructed shore facilities, consisting of a submerged bore pipe, beach manhole, and conduit system at Montaña de Oro State Park (see Figure 2-1). These existing facilities will accommodate the new AAG cable without requiring extensive new construction. Within the State of California jurisdictional waters (generally referred to as “the 3-mile limit” and legally extending to 3 nm [5.6 km] from shore) and continuing across the continental shelf, the cable will be placed in proximity to the existing cables that land at Montaña de Oro State Park. Figures 2-2 and 2-3 depict the proposed cable in relation to existing cables.

AT&T has operated cables landing in the Montaña de Oro State Park, just south of Morro Bay, California, since the 1960's. In 1990, four directional bore pipes (conduits) were installed on the ocean floor within California State Lands Commission (CSLC) lease PRC 7603.9, and a beach manhole was set in a parking lot located within the Montaña de Oro State Park. At that time the HAW 5 cable was installed into one of the conduits. Additionally, AT&T installed an overland conduit system, into which it placed two cables from the beach manhole to the terminal building located 10.5 miles (16.9 km) inland near the city of San Luis Obispo along the "ridge" of the hills just south of Clark Valley Road. As part of the 1990 project, the Sandspit Beach parking lot and appurtenances were constructed to improve beach access for visitors to the state park, and to allow access to the cable conduit system for maintenance or future cable installation. Since 1990, upgrades have included the following AT&T-funded cable projects:

- In 1994, as part of the TPC-5 project, two submarine fiber cables (Segments G and T1) were placed into two of the remaining conduits, and two terrestrial cables (one power and one fiber) were installed in the overland ridge conduit system;
- In 1998, the two terrestrial cable portions (one power and one fiber optic) of the China-U.S. Segment 7 (S7) cable system were placed in the overland ridge conduit system; and
- In 2000-2001, AT&T contracted with MFS Globenet to install two additional submarine conduits (within CSLC leases PRC 8143 and 8144) and one additional beach manhole. The China-U.S. Segment E1 cable was placed into one of these two conduits, and the new beach manhole was constructed. The terrestrial portion of Segment E1 was placed in the pre-existing "valley" conduit system. The marine portion of the S7 cable system was placed in the last of the vacant conduits that had been installed in 1994.

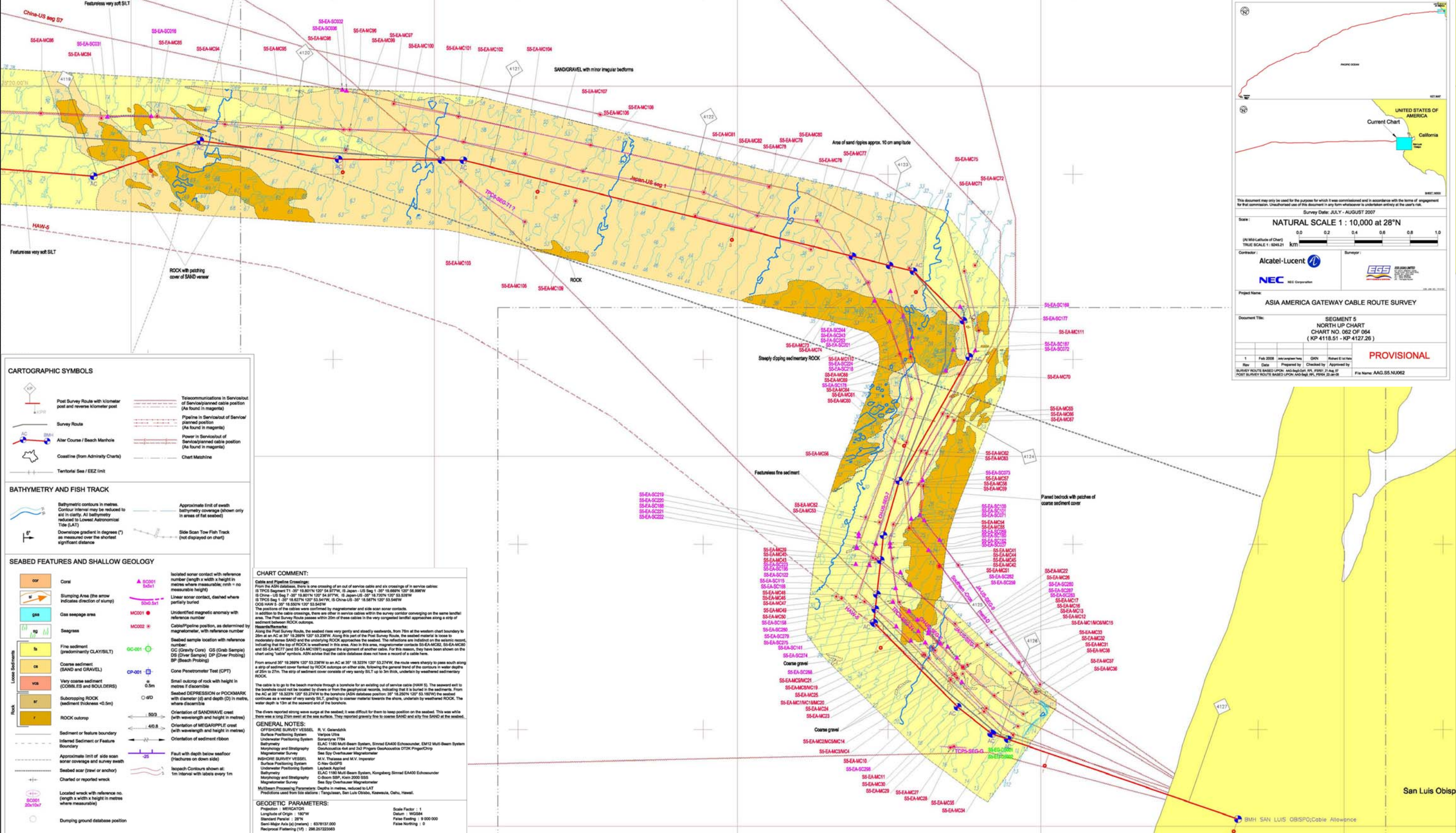
One unused marine conduit is available within the existing conduit system for the AAG submarine fiber optic cable and two unused onshore conduits are available for the terrestrial fiber optic and power cables.



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PAGE FOLLOWING FIGURE



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OFFSHORE CABLE ROUTE
FIGURE 2-2

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Back of Color Figure

